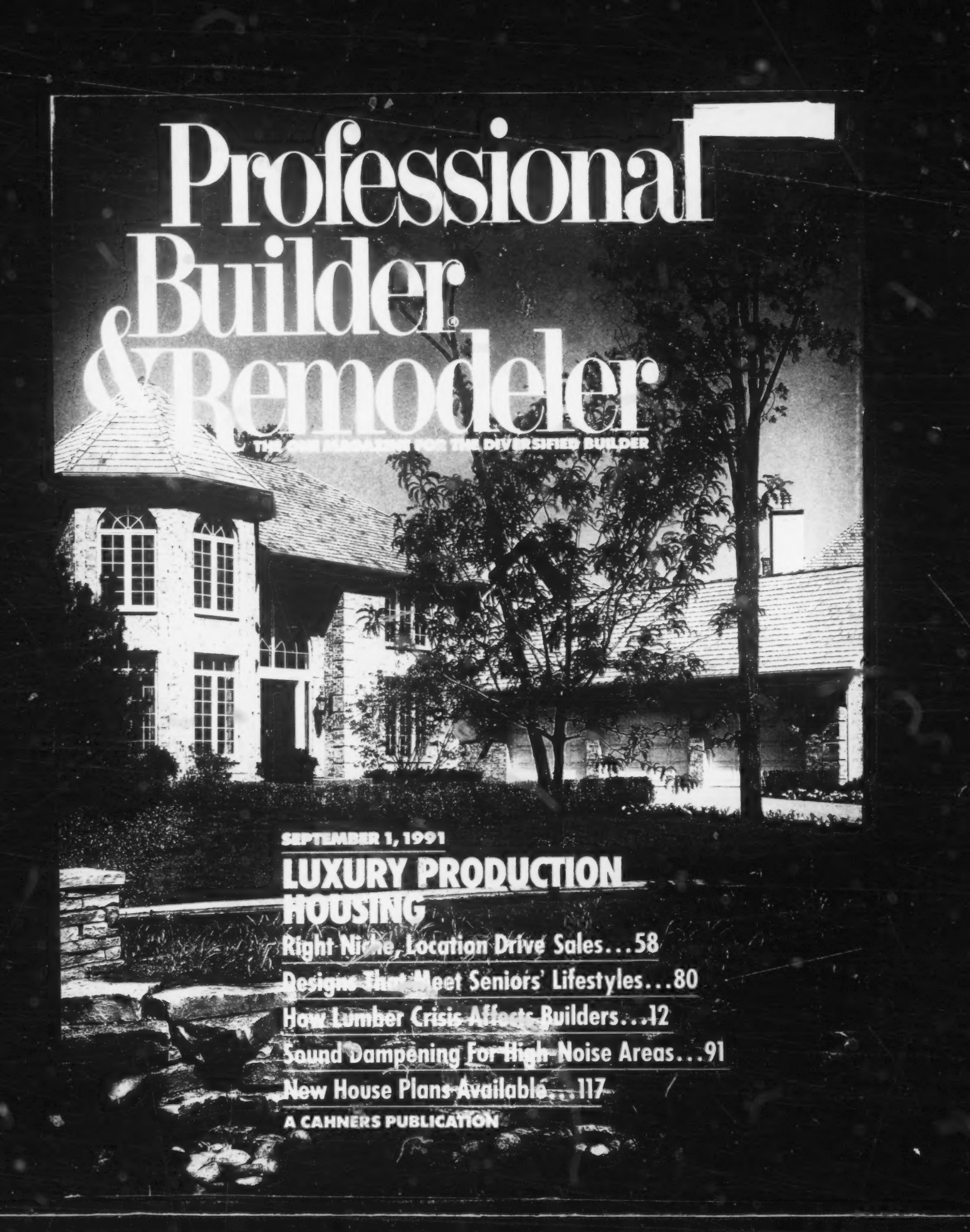
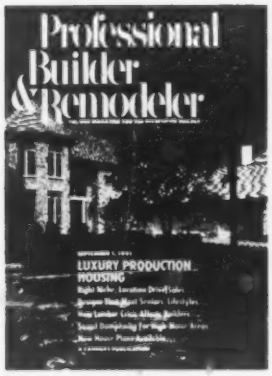

Professional Builder & Remodeler
THE MAGAZINE FOR THE DIVERSIFIED BUILDER
SEPTEMBER 1, 1991
LUXURY PRODUCTION HOUSING
Right Niche, Location Drive Sales...58
Designs That Meet Seniors' Lifestyles...80
How Lumber Crisis Affects Builders...12
Sound Dampening For High-Noise Areas...91
New House Plans Available...117
A CAHNERS PUBLICATION

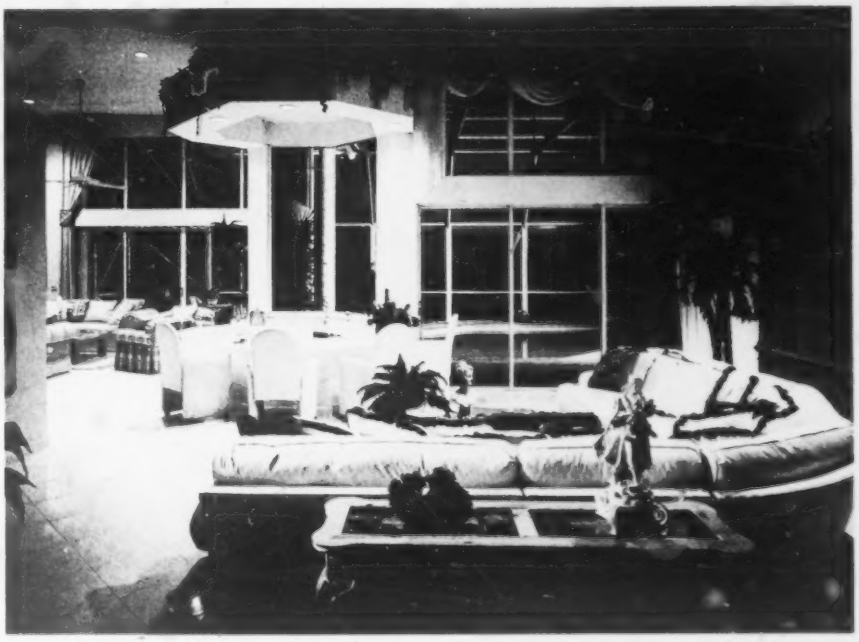
Professional Builder & Remodeler

THE ONE MAGAZINE FOR THE DIVERSIFIED BUILDER



On The Cover

■ Red Seal Development's Hybernia is a community of 122 luxury production homes in Highland Park, Ill. All were designed by Chicago architect Sam Footlik's FW & Associates. Interiors were merchandised by Chicago designers Fernandez and George. Photography by Marc Berlow. Story on page 76.



Latest trends in production luxury homes: p. 58.

FEATURES

Luxury Production Housing 58

Despite the economic slowdown, opportunities exist to build production housing that tickles the fancy of discretionary buyers. In this story, we show seven examples of how the right product sells despite premium pricing.

Graying Of America: How To Sell To Seniors 80

Selling to seniors means selling lifestyle. They value independence, know quality, and prefer neighborhoods where other age groups live. In this story, we show successful examples of shared housing, affordable duplexes, and resort-like mid-rises targeted to the silver market.

Designing homes for older Americans: p. 80.

Innovative marketing: p. 31.

New products: p. 102.

DEPARTMENTS

Editorial: Preparing For Lumber Shortages. . . 9

Inside Housing: Success In Tough Markets. . . 24

Advertising: Changing Your Campaign. . . 32

Product Showcase: Doors. . . 102

Literature: Exterior Products. . . 108

House Plans . . . 117

Indicators: The Affordability Puzzle. . . 133

Reader Service Card . . . 135

Business

■ Environmental challenges related to the protection of the northern spotted owl touched off a lumber buying frenzy in June, and there are a lot more problems in the pipeline. Here are some ideas on how builders can prepare for an even bumpier 1992: *p. 12.*

Markets

■ A successful "gut rehab" of a former warehouse merged design flair with a good location in Seattle's historic district: *p. 17.* The New Homes For Chicago program is targeting older communities for the construction of moderately priced housing: *p. 20.* Quality construction, thoughtful planning and a waterfront location are selling condos on the Jersey shore: *p. 28.*

Marketing

■ A restored 27-room "castle" has become a big drawing card for Davidson Communities' homes at Mt. Woodson: *p. 31.* Buyers remember homes where creativity abounds. Here are decorative ideas that sell: *p. 44.*

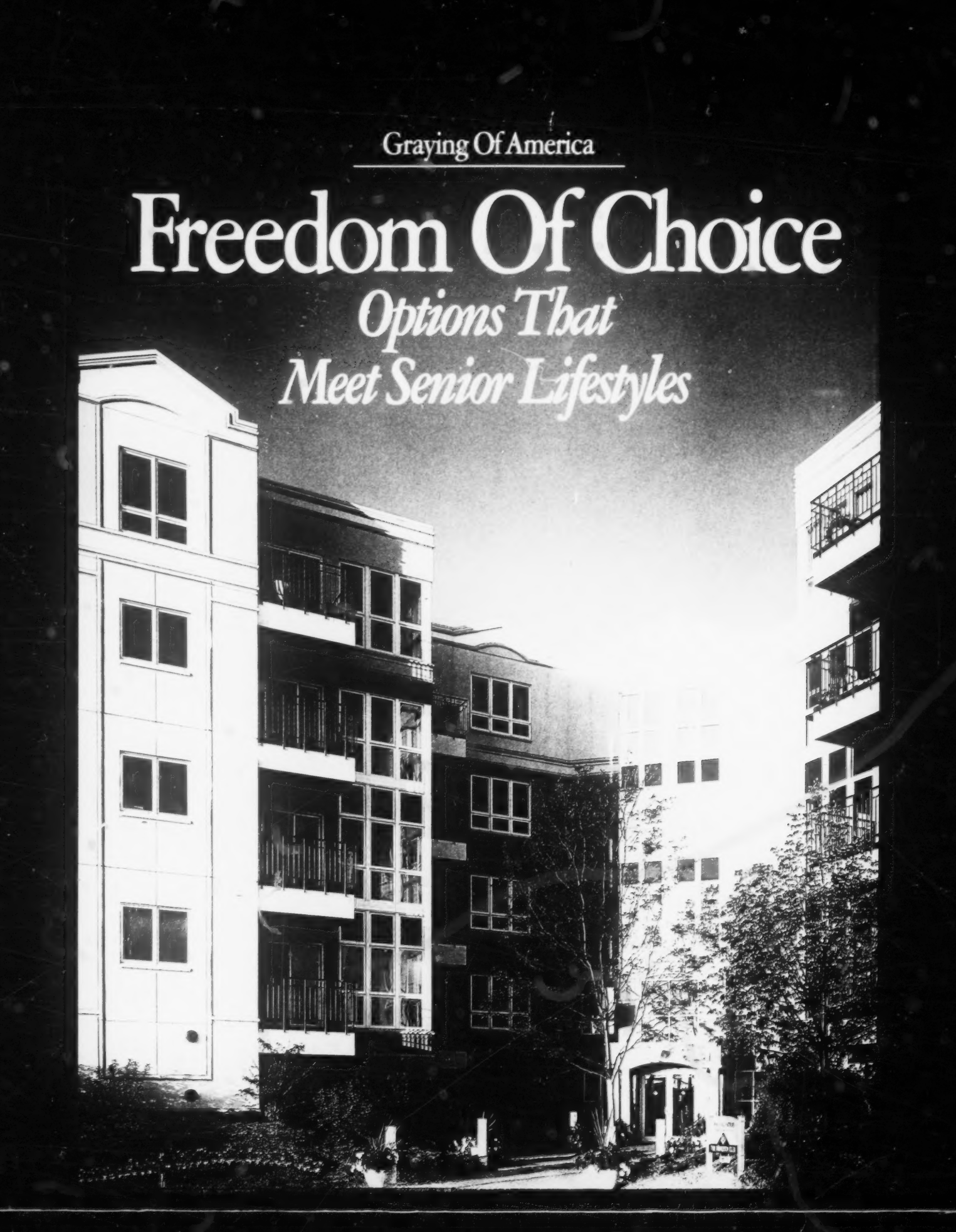
Technology

■ The convenience of an in-town location often has a heavy price—noise. Sound dampening techniques help builders sell peace and quiet: *p. 91.* Home management systems offer a marketing boost: *p. 94.*

Graying Of America

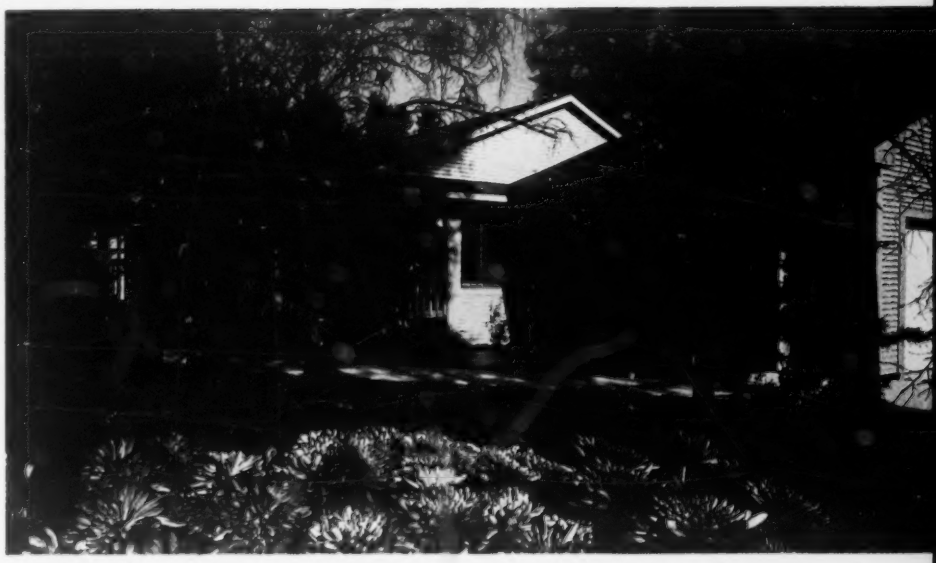
Freedom Of Choice

Options That Meet Senior Lifestyles



Photos: William Kildow Photography

Photo: Beth Singer-Courtesy of American Plywood Association



The opportunity for builders to serve the silver market is broad. The midrise Princeton Club, Glenview, Ill., left, is targeted for sale to empty nesters. In Traverse City, Mich., shared rental housing, above, is targeted to low- and moderate-income seniors.

Selling to seniors means selling lifestyle.

The 55-plus market needs wooing; 86% of seniors surveyed by the American Association of Retired Persons don't want to move at all. The survey revealed 76% currently live in their own single-family detached house—and that is where they'd like to stay.

However, large single-family homes don't truly fit the senior lifestyle. Houses may become too difficult to maintain and too large. Moreover, seniors don't want stairs, says Roger Gore, Robbins Homes Inc., Short Hills, N.J. Builders can build to fit the needs of people in this discretionary market, but it may take something special to "pry buyers loose from their single-family homes," as William Maybrook says. Maybrook is executive vice president of sales and marketing for Lexington Homes, Arlington Heights, Ill.

Opportunities exist for savvy builders. Approximately 35% of senior households have an annual income of $25,000 or more, says Joanne Carroll, vice president of Zane Yost & Associates Inc., a Bridgeport, Conn., architectural firm. The potential is there for the carefully conceived and well-designed market-rate community. However, according to Carroll, there is even more need for projects that meet the needs of the 65% of the senior marketplace with low incomes.

The 55-plus age group often has better health than their ancestors, and they are living longer. According to recent census data, the 85-plus group is the fastest growing. In Traverse City, Mich., Northwest Senior Resources Inc. is getting applications for shared housing at a rate of three a day; NSR has been surprised at the high number of applicants who are 80-plus. Seniors value independence, according to AARP, and they know quality. Most want to live in neighborhoods where other age groups live. Surprisingly, few seniors plan for their future (see charts throughout this feature). On this and the following pages are successful examples of senior housing opportunities.

Resort Atmosphere Lures Empty Nesters

Arlington Heights, Ill.-based Lexington Homes is selling lifestyle to empty nesters at Princeton Club in Glenview, Ill.

Buyers are making what they hope is their last move, says William Maybrook, executive vice president of sales and marketing. They want luxury, security and freedom from maintenance.

Though Lexington has a successful track record selling to empty nesters, they took a calculated risk at Princeton Club. The midrise buildings have a nearly tropical look—unusual in the Midwest. "We felt that the exterior of the building had to be distinctive—to pry buyers loose from their single-family homes," Maybrook said.

Because 35% of past Lexington buyers winter in warmer climates, Alan Lieberman, group account manager, Keroff & Rosenberg, Chicago, designed ads and brochures to show prospects that "the resort living they love so much is available all year around."

Braun Skiba, Division of McClier Architects, Chicago, designed the 52-unit, midrise, elevator buildings.

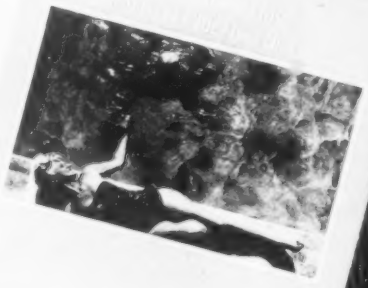
Targeted buyers (aged 58 to 60) feel security is higher in an elevator building. When someone rings the bell from the lobby, residents can turn to a channel on their television to see their caller.

Interiors are by Sublette Interiors, Chicago. Plans range from 1467 to 2052 square feet in size and from $202,490 to $272,900 in price.

At build-out, projected at four to five years, there will be 260 units in five buildings on the 18-acre site. Hard costs run $97 a square foot. Including the 1.5-acre lake, 83% of the site will remain open space.

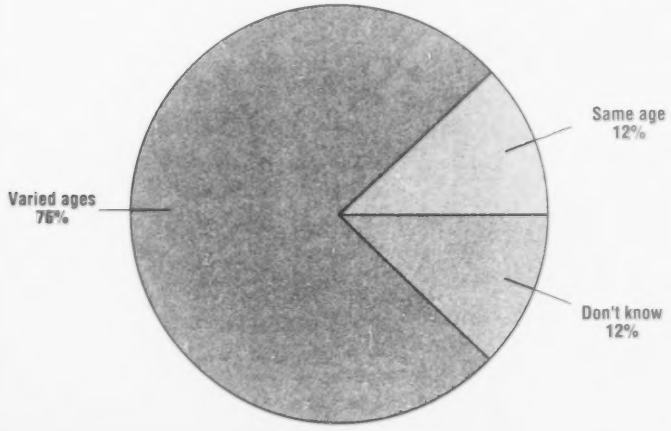
Amenities include walking trails and a 1500-square-foot pool with a large deck. Lexington builds generous decks because they know more people socialize around the pool than actually use it.

Between the April 27 opening and July 10, there were 15 sales. Affluent empty nesters need to see what they are buying; Maybrook doesn't recommend presales. □



The Easton model at the Princeton Club with its double master suites is one of seven models and eight plans. Every plan features an eat-in kitchen and a dining room large enough for holiday entertaining.

Seniors Prefer Neighbors Of Varied Age Groups



Source: American Association of Retired Persons, "Understanding Senior Housing for the 1990s."

Duplexes Allow Seniors To Achieve The American Dream

Affordable infill housing, especially for seniors, often is a complex challenge.

Builder Roger Gore, Robbins Homes Inc., Short Hills, N.J., is building very affordable housing for seniors by working with Union Township in a public/private partnership. Gore's Newtowne Village in Union Township, N.J., consists of 31 duplex homes and one single-family detached house selling for $35,000 to $69,000 (based on the buyer's low-to-moderate income).

"Common sense tells you that seniors prefer living accommodations on one level," Gore says. "Therefore, why build them housing on two levels? When preferences are for attached garages, why provide large community parking spaces without green areas? When choice dictates duplex living, why construct large apartment buildings? These are only a few examples of building to satisfy lifestyle."

Key to Gore's satisfied senior customers is architect Tom Barton's design for the community. Barton, at the time with Martin Organization, Philadelphia, used one basic 940-square-foot plan. A long view runs from the front door through the house to a patio out the back. The house, with a deep front porch, is 15 feet from the street. The atmosphere is of an old neighborhood where people sit on the porch and chat. Garages are less prominent with a 23-foot setback.

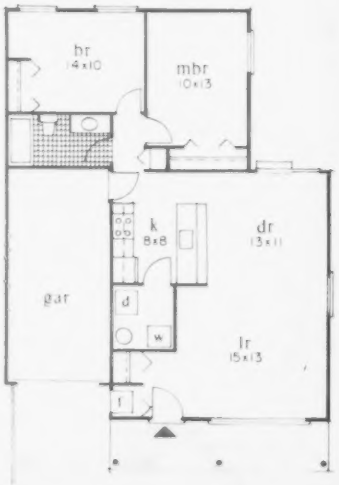
Though not outfitted for use by the disabled, units are designed with a universal floor plan. The framing will accept accessible features. For example, there is 5 feet between opposing counters in the galley kitchen.

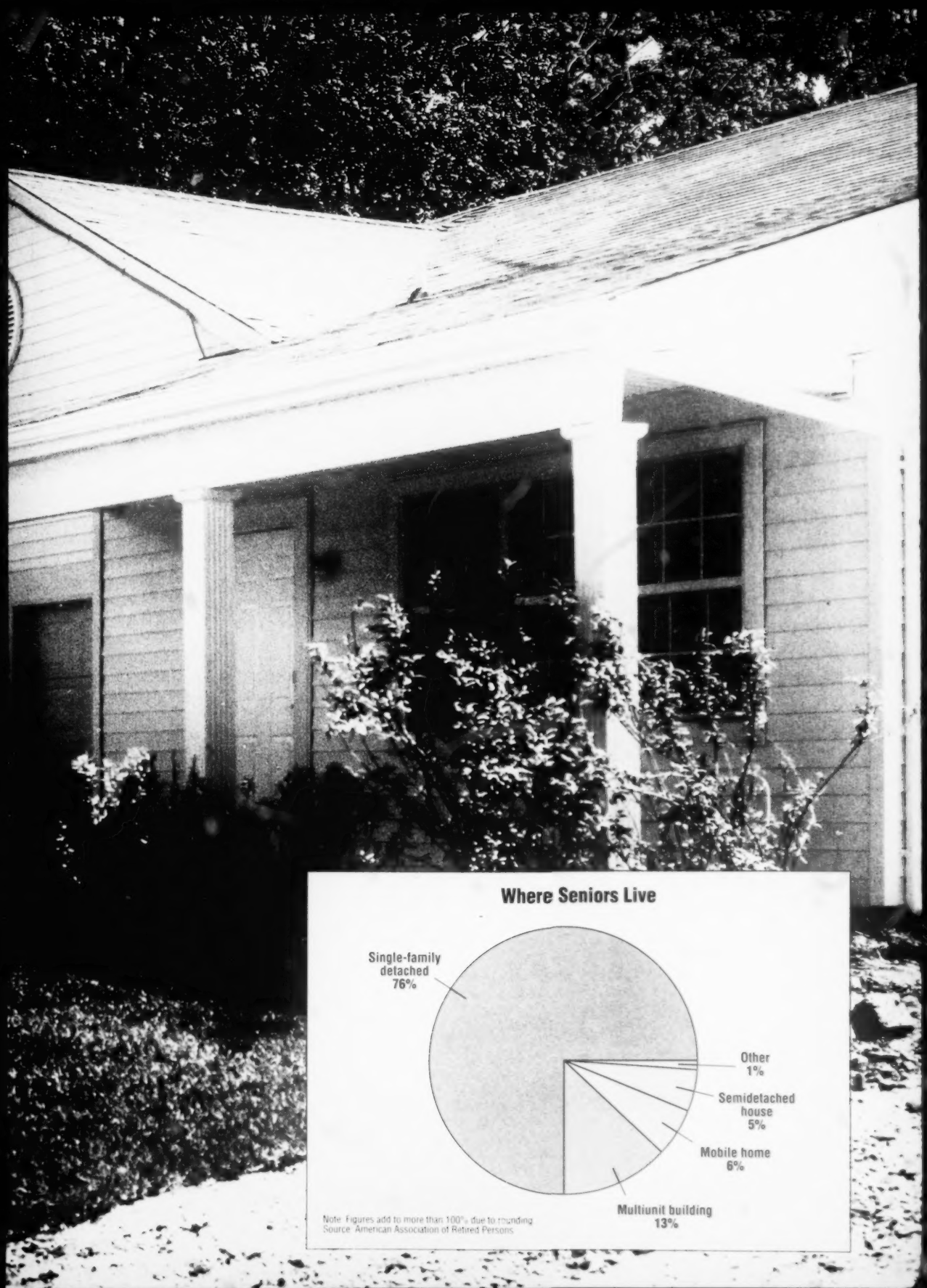
Visitors move from the public street to the semipublic porch through the house to the private back patios. Four units, with windows staggered for privacy, form courtyard clusters. Grouping the patios makes a natural safe haven and social space for residents.

Gore used panelized construction for simplicity, speed and protection from job-site theft. Barton designed ganged windows that are less expensive to build into a structure than individual windows. Gore's building cost for the turnkey project was $85 a square foot. All units were presold before Newtowne Village's grand opening on June 12.

So successful has this project been that Gore has formed a partnership called Affordable Housing Developers Inc. with Leonard I. Solondz of Woodstone Builders Inc., Union. They will specialize in building affordable seniors housing. □

One-car garages separate duplexes at Newtowne Village. Deep front porches give seniors a sheltered spot to watch the neighborhood.
Photos: Larry McDermott




Where Seniors Live
Single-family detached 76%
Other 1%
Semidetached house 5%
Mobile home 6%
Multiunit building 13%
Note: Figures add to more than 100% due to rounding.
Source: American Association of Retired Persons

Shared Housing Helps Seniors Maintain Independence

Shared housing is an answer both for seniors who cannot live alone and for small-to-medium-sized builders who want to serve this growing market.

Gail Rudolph, R&G Contracting Inc., Traverse City, Mich., won the bid to build three prototype scattered-site shared-housing units for seniors.

Owner, property manager and sponsor is the non-profit agency, Northwest Senior Resources Inc. The agency is one of four partners in the public/private partnership that developed and funded the program; other partners are NBD bank, Rotary Charities and MSHDA (a state housing authority).

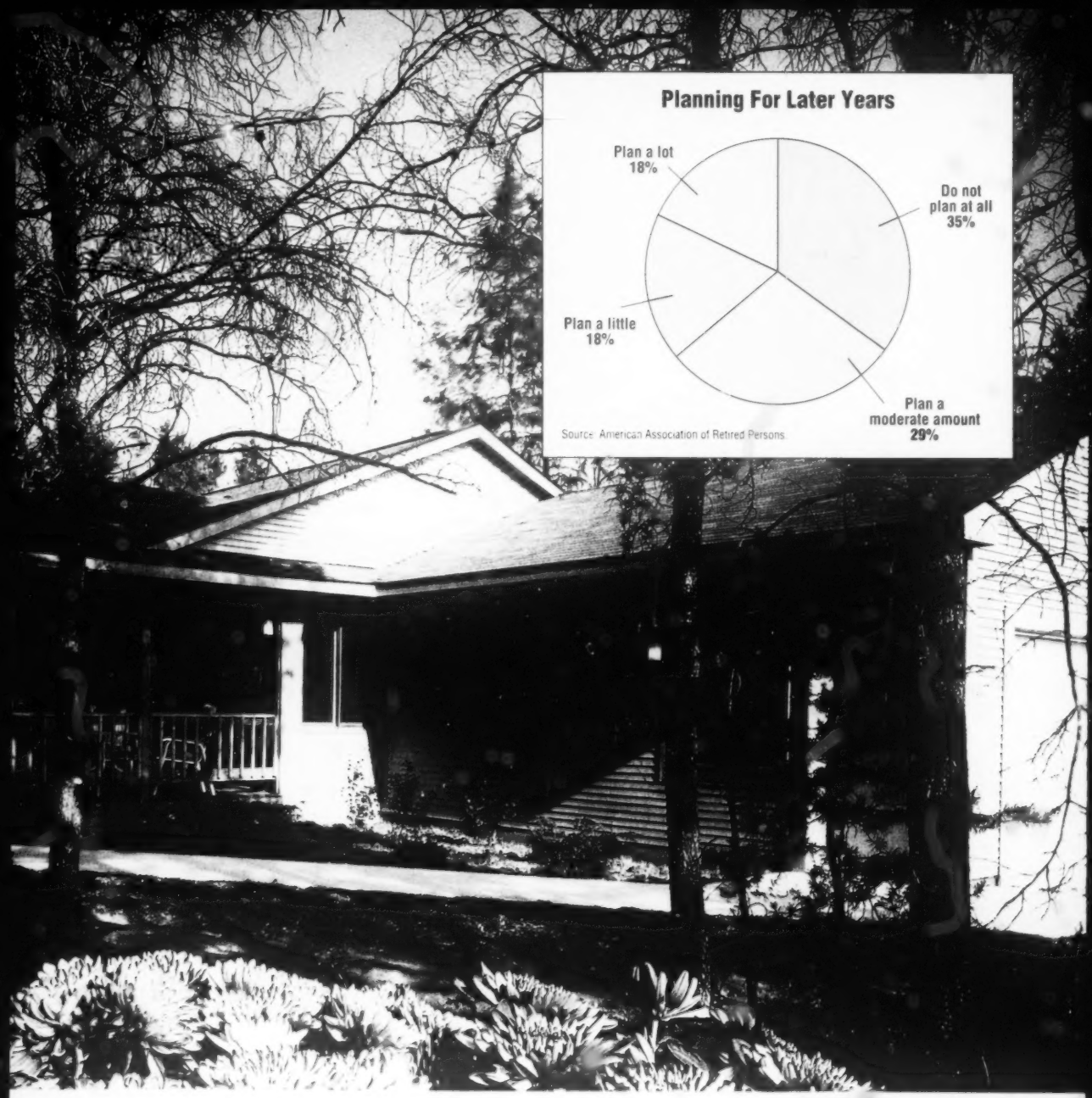
Peter L. Haddix Architects designed the 1800-square-foot houses. One house is in an urban area of Traverse City, another in a suburban area and the third in a fairly rural location. Getting community approval was a matter of explaining that shared housing really isn't classified as multifamily, says Haddix. In Michigan, as many as five unrelated adults can share housing and still be termed a household in a single-family neighborhood.

The houses have four bedrooms, each with its own bathroom. There are four separate pantries for food, and four storage closets in the garage. Shared space includes both formal and informal dining rooms, parlor, living room and porch.

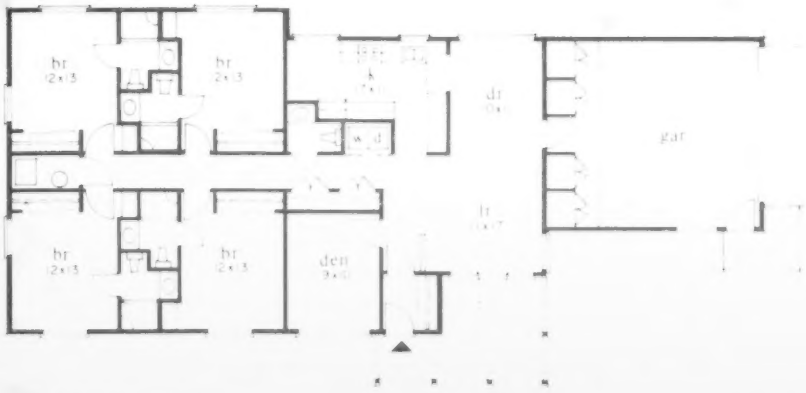
Construction cost for each house, without land, ranges from $90,000 to $95,000. Haddix says it might have been less costly for the public/private partnership to build apartments. However, the houses blend seamlessly into the three neighborhoods. And, shared housing meets both social and physical needs. Seniors don't have to disrupt their living patterns and can stay in a neighborhood setting, Haddix says.

Monthly rent for each resident including utilities will be about $350. NSR provides a washer and dryer, common-area furnishings, appliances and cookware, and twice yearly cleaning. NSR has a waiting list of seniors who wish to move in. The houses were completed as *PB&R* went to press.

NSR also provides renters with a program manager and support services. Services may include shopping and transportation as needed, which is paid for by the tenants. □



Planning For Later Years
Plan a lot 18%
Do not plan at all 35%
Plan a little 18%
Plan a moderate amount 29%
Source: American Association of Retired Persons



From the curb, nothing differentiates this ranch house in Traverse City, Mich., from others in the neighborhood. However, four seniors share living space here.
Photos: Beth Singer; used courtesy of American Plywood Association

AD INDEX

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Professional Builder & Remodeler Magazine	55,124,127	
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INDICATORS

Housing Affordability Problem Documented

Census data shows that nine of ten renters can't afford home ownership.

A recently released research report from the Census Bureau shows that in 1988, 57% of all families could not afford to buy the median-priced home in the region where they lived. Using standard underwriting criteria for a conventional, fixed-rate mortgage, the research found that 36% of current owners and 91% of current renters could not afford the median-priced house.

Among the four Census regions, the West had the highest percentage of families, 63%, who could not afford to purchase the region's median-priced house during 1988 followed by 59% in the Northeast and 56% in the South.

Even in the Midwest, the region widely recognized as the most affordable in the nation, a majority (51%) of families could not afford the median-priced house.

According to the government's Survey of Income and Program Participation, the major factors that prevented families from being able to afford a home included: lack of downpayment, a current level of indebtedness which is too high, and the inability to afford basic monthly payments.

The severe limiting impact of the downpayment requirement for entry-level buyers was obvious when interest-rate assumptions were changed in the research. Mortgage interest rates assumed to be 2 percentage points lower than 1988's prevailing rate would have increased the number of owners who would be able to qualify, but would have had no significant effect on renters. □

Annual 'Top Markets' Report Now Available

Cahners Economics has just released its annual predictions of the top construction markets for 1992. Reviewing building permits, employment, income, population and other economic data for major markets around the country, Cahners' building and construction economists have identified the 50 markets likely to be the largest in dollar volume of construction activity next year.

The "Top U.S. Construction Markets for 1992" report is available for $75 from Cahners Economics. The report can be ordered by contacting Wendy Chambers, Phone: 1-800-445-0678; FAX: 1-617-630-2100. □

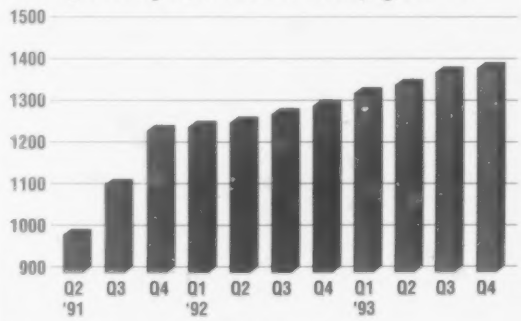
Regional Market Conditions

(Year-To-Date Trends)

	S-F Home Permit $	Average S-F Permit Value	Remodeling Permit $	Employment Change
Boston	-12.6%	$114,685	-13.7%	-4.9%
Philadelphia	-3.3%	$85,489	-12.1%	-0.4%
Atlanta	-5.5%	$79,887	-1.1%	-0.7%
Memphis	-14.2%	$82,222	-0.9%	+1.0%
Dallas	+7.9%	$111,238	-1.0%	+0.7%
Cincinnati	-13.5%	$97,998	+7.2%	+1.6%
Minneapolis	-0.8%	$104,906	-5.2%	-0.4%
Denver	+56.9%	$125,536	+21.3%	+2.4%
Los Angeles	-30.7%	$180,136	-2.2%	-0.6%

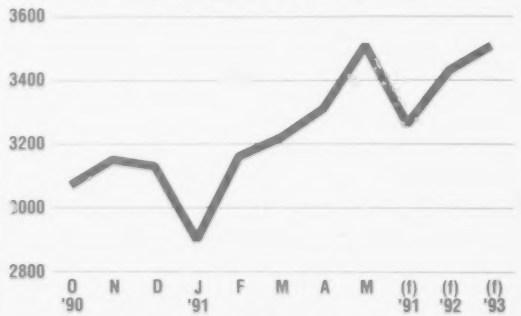
Sources: U.S. Departments of Commerce and Labor

Quarterly Forecast Of Housing Starts



Data reflect quarterly averages, in thousands of units.
Forecast: Cahners Economics

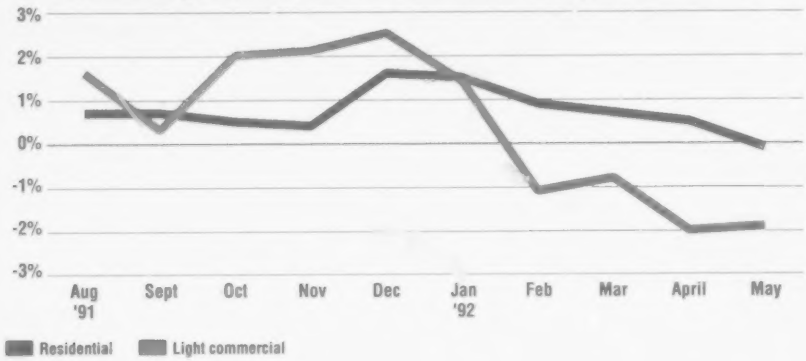
Existing Single-Family Home Sales



Data reflect seasonally adjusted annual rate, in thousands.
Source: National Association of Realtors. Forecast: Cahners Economics.

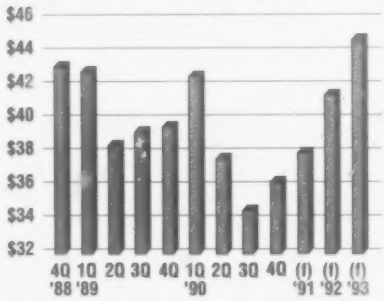
INDICATORS

Remodeling Permit Trends — Residential & Light Commercial



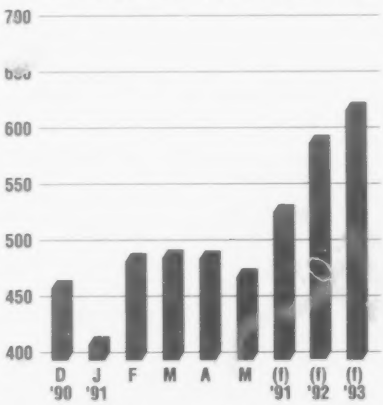
Data reflect % change in 12-month moving totals.
Source: U.S. Department of Commerce.

Residential Addition & Alteration Spending



Data reflect seasonally adjusted annual rate, in billions of $.
Source: U.S. Department of Commerce. Forecast: Cahners Economics

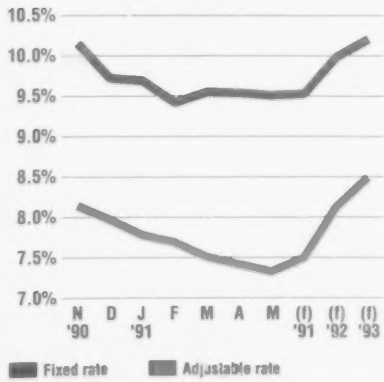
New Single-Family Home Sales



Data reflect seasonally adjusted annualized rates, in thousands.
Source: U.S. Department of Commerce. Forecast: Cahners Economics.

Mortgage Interest Rates

(Monthly Average)



Source: Federal Home Loan Mortgage Corp.
Forecast: Cahners Economics.

Key Trends At A Glance

	May '91	Sept '90
Total housing starts*	982,000	1,106,000
New home sales*	474,000	504,000
Remodeling permit trend	-3.8%	+2.2%
Consumer confidence index**	76.4	85.6
Median new home price	$121,900	$113,000
Fixed-rate mortgages	9.46%	10.18%
Construction wage trend	+1.5%	+2.2%

* Seasonally adjusted annual rate.
** 1985 = 100.

Rental Vacancy Rate Varies Among States

The national rental vacancy rate stood at 7.2% during 1990, within the narrow range that has prevailed since 1986. The overbuilding of apartment and condominium space that occurred in the early '80s has yet to be absorbed, despite the dramatic decline in new construction.

In some parts of the nation, however, population and employment growth has continued strong enough to support new construction.

In these areas, vacancy rates have remained in check, and in some cases have fallen, as new space has been quickly absorbed. States with vacancy rates of 8% or higher last year were concentrated in the South and West. The Midwest had the largest concentration of states with rental vacancy rates at or below the national average.

Only states in the Northeast had significantly higher rental vacancy rates in 1990 than in 1989. Six states showed statistically significant declines between 1989 and 1990—Washington, Texas, Illinois, Wyoming, West Virginia and Alaska. The state of Oklahoma recorded the highest rental vacancy rate during 1990, 14.6%, while the states of Oregon, Washington and Wisconsin recorded the exceptionally low rate of 3.3%.

Among metropolitan areas, most cities in the economically depressed Northeast have seen their historically low rental vacancy rates rise in recent years, despite low levels of new construction. □